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## BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

2014 JAN 31 P 12:39

Arizona Corporation Commission

DOCKETED

JAN 31 2014

BOB STUMP, Chairman  
GARY PIERCE  
BRENDA BURNS  
SUSAN BITTER SMITH  
BOB BURNS

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

DOCKETED BY

IN THE MATTER OF THE APPLICATION  
OF ARIZONA-AMERICAN WATER  
COMPANY, AN ARIZONA  
CORPORATION, FOR ADJUSTMENTS TO  
ITS RATES AND CHARGES FOR UTILITY  
SERVICE FOR ITS PARADISE VALLEY  
WATER DISTRICT

DOCKET NO. W-01303A-98-0507

ORIGINAL

**EPCOR WATER ARIZONA, INC.  
PARADISE VALLEY WATER DISTRICT  
NOTICE OF FILING  
CAP SURCHARGE FOR YEAR 2014**

In compliance with Decision No. 71841, EPCOR Water Arizona, Inc. ("Company") files its tariff and schedules setting forth its revised CAP Surcharge for 2014 for the Paradise Valley Water District. The revised applicable surcharge rate of \$ 0.1790 per 1,000 gallons, consists of a surcharge of \$0.0162 per 1,000 gallons to recover the under collection of the prior years' surcharge, plus a surcharge of \$0.1628 per 1,000 gallons for the collection of the current annual capital and delivery charges.

The revised combined surcharge of \$0.1790 is applicable to all residential customers using in excess of 45,000 gallons during a monthly billing cycle and to all non-residential customers except customers who are reselling water provided by the Company. The revised surcharge amount should be effective as of March 1, 2014, as set forth in the attached tariff. Customers will be informed by bill text message of the change.

1 RESPECTFULLY SUBMITTED on January 31, 2014.

2 *Sandra L. Murrey*

3 Sandra L. Murrey  
4 Rate Analyst  
5 EPCOR Water Arizona, Inc.  
6 2355 W. Pinnacle Peak Road, Suite 300  
7 Phoenix, AZ 85027

8 ORIGINAL and thirteen (13) copies  
9 of the foregoing filed  
10 on January 31, 2014, with:

11 The Arizona Corporation Commission  
12 Utilities Division – Docket Control  
13 1200 W. Washington Street  
14 Phoenix, Arizona 85007

15 Copy of the foregoing mailed  
16 On January 31, 2014, to:

17 Steve Olea  
18 Utilities Division  
19 Arizona Corporation Commission  
20 1200 W. Washington Street  
21 Phoenix, Arizona 85007

22 Lyn Farmer, Chief Administrative Law Judge  
23 Hearing Division  
24 Arizona Corporation Commission  
25 1200 W. Washington Street  
26 Phoenix, Arizona 85007

Janice Alward  
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Arizona Corporation Commission  
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Utilities Division  
1200 West Washington Street  
Phoenix, AZ 85007

**CAP**  
**Work Papers**

# PARADISE VALLEY WATER DISTRICT 2014 ANNUAL CAP SURCHARGE TARIFF UPDATE SCHEDULE

## Calculation for 2014 Surcharge

Line	Description	Year 2014	AF	Annual Charge	Annual Expense
1	Going Forward Expenses -				
2	Total Water Allocation Available - 3,231 AF				
3	Water Allocation	3,231			
4					
5	M & I Capital Charge per AF		\$20.00		\$64,620
6	M & I Delivery Charges per AF		\$146.00		\$471,726
7	SRP Wheeling Charge per AF (2006-7)		\$0.00		\$0
8	CAP - Tonopah Desert Recharge Facility per AF (2008- )	231	\$8.00		\$1,848
9	MWD Credit		-\$16.00		-\$51,696
10					<u>\$486,498</u>
11					
12	<b>Annual Costs Savings:</b>				
13	Task Order 1177 - Annual Costs Savings Purchased Power				
14	Task Order 1179 - Annual Costs Savings ADWR Fees				
15	This is based on 3,158 AF less pumping				
16	(83 AF is owed to SRP for water loss)				
17					
18	<b>Task Order 1175 - Amortization of Deferred CAP Charges:</b>				
19	Total Deferred Charges Per Decision No. 61831				
20	Amortization Period of 5 Years				
21	Annual Amortization				
22	Amortization per month				
23	Amortization period ended June 2004				
24	Amortization for 2005 and beyond				
25					
26	<b>Current Annual Costs Before Overcollection/Undercollection of Prior Year's Costs</b>			<b>For 2014</b>	
27					<u>\$297,795</u>
28					
29	<b>(Overcollection)/Undercollection of Prior Year's Surcharge</b>				
30	Prior (Overcollection)/Undercollection				
31	CAP Surcharge Revenue Collections				
32	M & I Capital Charges				
33	M & I Delivery Charges				
34	SRP Charges (2006-7) or Tonopah Storage Charges (2008-Current)				
35	MWD Credit				
36	Cost Savings Power Costs				
37	Costs Savings ADWR Fees				
38	Amortization of Prior Deferred CAP Charges				
39	Amortization of Interest Costs				
40	<b>Total (Overcollection)/Undercollection</b>				
41					
42					
43	<b>Total Annual Costs</b>				
44	<b>Total Annual Sales for Surcharge (Previous year billing determinants)</b>				
45					
46	<b>Surcharge Per 1,000 Gallons - Total Undercollection (Ln 40/Ln 44)</b>				
47					
48	<b>On-going Surcharge Per 1,000 Gallons - Current Annual Costs (Ln 26/Ln 44)</b>				
49					
50	<b>Total CAP Surcharge (Ln 46 + Ln 48)</b>				
51					
52					
53	(a) - Balance carried forward per EPCOR Water Arizona's filing dated January 30, 2013.				

**PARADISE VALLEY WATER  
2014 ANNUAL CAP SURCHARGE TARIFF UPDATE**

2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
	(6,405)	(6,160)	(10,397)	(14,816)	(23,621)	(35,466)	(36,213)	(37,454)	(36,735)	(22,299)	(33,483)	(15,901)	(278,951)
Revenue	(6,405)	(6,160)	(10,397)	(14,816)	(23,621)	(35,466)	(36,213)	(37,454)	(36,735)	(22,299)	(33,483)	(15,901)	(278,951)
Total Revenue	(6,405)	(6,160)	(10,397)	(14,816)	(23,621)	(35,466)	(36,213)	(37,454)	(36,735)	(22,299)	(33,483)	(15,901)	(278,951)
M&I Capital Charges	-	-	-	-	24,233	-	-	-	-	32,310	-	-	56,543
M&I Delivery Charges	52,100	52,100	52,100	52,100	52,100	-	104,200	52,100	-	-	-	-	416,800
Tonopah Storage Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
MWD Credits	-	-	-	-	(3,552)	-	(18,960)	-	(5,184)	(5,168)	(6,448)	(12,384)	(51,696)
Cost Savings Power Costs	(14,935)	(14,935)	(14,935)	(14,935)	(14,935)	(14,935)	(14,935)	(14,935)	(14,935)	(14,935)	(14,935)	(14,935)	(179,225)
ADWR Credits	-	-	(9,509)	-	-	-	-	-	-	-	-	-	(9,509)
Amort of Prior Def CAP Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Amort of Interest Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expense	37,164	37,164	27,655	37,164	57,845	(14,935)	70,304	37,164	(20,119)	12,207	(21,383)	(27,319)	232,912
Balance at 12/31/12	75,580												
Monthly (Over) / Under 2013	30,759	31,004	17,258	22,348	34,224	(50,401)	34,091	(290)	(56,854)	(10,093)	(54,866)	(43,220)	
Cumulative	106,340	137,344	154,602	176,951	211,174	160,773	194,864	194,574	137,720	127,628	72,762	29,542	

# Tariff

Paradise Valley Water District  
(Name of Service Area)

**CAP SURCHARGE**

**APPLICABILITY**

Applicable to all customers of Paradise Valley Water District except Sales for Resale.

**TERRITORY**

Portions of the City of Scottsdale and the Town of Paradise Valley, and vicinity, Maricopa County.

**RATES**

Surcharge Rate:

Per Customer

Residential Customers:

In excess of 45,000 gallons ..... \$ 0.1790 per 1,000 gallons \*

All Non-Residential Customers except Sale for Resale Customers:

For all usage ..... \$ 0.1790 per 1,000 gallons \*

\* Rate consists of \$0.0162 per 1,000 gallons of usage to recover the under collection of prior years' surcharge and \$0.1628 per 1,000 gallons of usage for the collection of current annual CAP charges.

**SPECIAL CONDITIONS:**

1. The Company is authorized to recover CAP related costs based on its CAP allocation of 3,231 AF.
2. Total annual CAP costs will be determined by summing: a) annual Municipal & Industrial (M & I) water service charges, b) monthly M & I operations, maintenance and replacement (OM&R) costs, c) Tonopah Desert Recharge Project costs, d) annual production cost savings, e) the overcollected or undercollected surcharge from the previous twelve months period, and f) amortization over 5 years of deferred CAP M & I water service capital charges.
3. The Company will annually file with the Commission by January 31 the proposed annual CAP surcharge for the current calendar year. The filing shall contain all documentation to support the proposed surcharge.
4. The annual CAP surcharge will be calculated based on the historic consumption of the applicable customers from the previous twelve months.
5. The revised CAP surcharge will be effective on March 1 of each year.
6. Total deferred CAP costs of \$533,115 as of 12/31/99 will be amortized over a period of 5 years.
7. Collection of the CAP surcharge will not generate a positive operating income to Paradise Valley Water Company. It is intended only to recover CAP related costs.
8. The CAP surcharge will appear on each applicable customer bill as a separate charge.

ISSUED:

January 31, 2014  
Month Day Year

EFFECTIVE: March 1, 2014  
Month Day Year

ISSUED BY:

Sheryl Hubbard, Director, Rates & Regulation  
2355 W. Pinnacle Peak, Rd., Suite 300, Phoenix, AZ 85027